

УДК 658.5

Evaluation of Strategic Influence of Socio-Economic Development Asymmetry on Entrepreneurship Environment in the Region

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Received 04.12.2012, received in revised form 11.12.2012, accepted 24.12.2012

The article gives the ground to the necessity of considering asymmetry of spatial socio-economic development for the process of elaborating entrepreneur development strategic trends. First of all, the regional asymmetry is specific for two types of territories- rural and urban. The differentiation of indicators has been analyzed by the example of Krasnoyarsk Krai and the developing Krasnoyarsk Agglomeration, which influences an entrepreneurial environment of rural and urban areas as well as the degree of territorial asymmetry. The hypothesis of multi-directional influence of the agglomeration processes on conditions of entrepreneur development by territories is being justified. Taking this into consideration, the necessity to reflect mechanisms aimed at reduction of level of spatial inequality-asymmetry, influencing business development and entrepreneur environment, in industrial policy is substantiated.

Keywords: development strategy; entrepreneurship; agglomeration processes; multi-sector models of territory development; economical potential; asymmetry of socio-economic development; gross value added ; economically active population; workforce mobility.

The work is performed in the frames of the project "Development of procedure for conducting comparative international researches on social-economic development of the region and preparation of the scientific report for the Organization for Economic Cooperation and Development (OECD) "Territorial Review of Krasnoyarsk agglomeration" supported by Krasnoyarsk Regional Fund of Support to Scientific and Scientific-Technical activity

Introduction

Development of entrepreneurial sphere is localized within a certain territory: subject of Federation, municipality, city, settlement. Entrepreneurial environment as a combination of factors, determining dynamics and scale of entrepreneur's development in the region are substantially determined from one hand- by a

supporting strategy of territorial authorities, on the other hand- by existing socio-economic conditions, internal and external disproportions. Let's take as an example the policy of supporting small-scale and middle-scale entrepreneurship in Krasnoyarsk Krai and developing Krasnoyarsk Agglomeration. Strategic goal of supporting small-scale and middle-scale entrepreneurship

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in Krasnoyarsk Krai is creation conditions for sustainable development of small-scale and middle-scale businesses, which provide improvement of Krai population's life level and quality, creation of workplaces, income growth, consumer's market satiety with goods and services, alignment of asymmetry of socio-economic development in the territory of Krasnoyarsk Krai.

Among supporting actions of public authorities are: providing stable conditions for entrepreneurial activity through enhancement of Krai legislative and normative documents, reduction of administrative barriers, ensuring an excess to infrastructure facilities, suppression of growth rates for products and services of monopolies; strengthening small-scale business positions in Krai first-priority economic activities via stimulation of integration with large-scale business enterprises, including mechanisms of sub-contracting and supporting cluster initiatives; promotion of produced services and goods to regional, national and international markets; implementation of specific programs for innovative and youth entrepreneurship supporting; contribution in the development of entrepreneurial personnel potential.

Among the regional priorities in the development of small-scale and middle-scale entrepreneurship are such activities as: innovations commercialization, energy saving technologies, sub-contracting with large-scale business enterprises (engineering industry); foodstuff production; equipment after-sale services; vegetable growing, vegetables processing; wild plants harvesting and processing; deep processing of timber; low-rise housing; industrial facilities construction; tourism activities.

As of the end of 2011 there were around 251 thousand employees in the sphere of small-scale and middle-scale entrepreneurship of the Krai, which is 17,2 % of total employed in

Krai economics. Most of them are engaged in retail and wholesale trade (31 %), real estate transactions (19 %), construction (12 %), processing productions (12 %), agriculture and forestry (7 %). Turnover of small-scale and middle-scale businesses (including micro enterprises) was 458,9 billion rubles and investment volume comprised to 20,8 billion rubles.¹

Some of Krasnoyarsk Krai entrepreneurial activity indicators have certain deviations from due Russian and Siberian Federal Okrug (SFO) indicators. However, the level of entrepreneurial development in Krai can be evaluated as relevant to average Russian and SFO's levels.

Krai corresponds to SFO and Russia by the number of small-scale and middle-scale businesses (including micro enterprises) per one thousand inhabitants (13.0 units), and yields by the share of employees engaged in small and medium businesses enterprises in the average total number of employees of all companies and organizations – 24.0 % (SFO – 24,8 %, Russia – 25,1 %) as well as by investments in fixed capital of small business (excluding micro enterprises) – 1,9 thousand rubles per capita (SFO – 2,6 thousand rubles, Russia – 2,0 thousand rubles).

At the same time small enterprises turnover per capita (excluding micro enterprises) in Krai significantly exceeds the average meanings in SFO approaching to the average Russian indicator (Krai – 87,0 thousand rubles, SFO – 69,0 thousand rubles, Russia – 90,3 thousand rubles.).

The level of entrepreneurship development varies considerably by Krai territories. 74 % of all small-scale entrepreneurship subjects (69 % in Krasnoyarsk city) are concentrated in the Central area (including the Krasnoyarsk Agglomeration); in West area – 6,8 %, in East area – 4,9 %, in South – 3,9 %, in North – 5,5 %, in Angara River region – 4,9 %. The most intensively small and

middle entrepreneurship is being developing in cities and large municipalities.

At the same time on 26 % of Krasnoyarsk Krai territory where almost 30 % of population reside, supporting of socio-economic equilibrium is possible only through the development of small-scale business, which provides workplaces, stable income, filling of local customer's market ².

Within the certain year period financial measures are being applied in Krai for supporting small enterprises. Costs for supporting small and middle-scale entrepreneurship are being increased annually, the number of financial assistance recipients is growing, supporting infrastructure developing. Financial support per one small and middle enterprise has increased in Krai from 1,7 thousand rubles to 22,2 thousand rubles (considering federal budget funds) within the period 2008-2011.

In the framework of strategic trends of socio-economic development of the Krai and its industrial and social policy for the period up to 2020 it is projected that for small and middle-scale business support the following indicator's level will be reached: the share of employed in the sphere of small and middle entrepreneurship in the total number of employed in economics will increase up to 30 %; turnover of small enterprises per one inhabitant of the Krai will be double increased, turnover of middle enterprises – will increase by 1,5 times; the share of production segment in small and middle entrepreneurship will come up to at least 35 percents.

Results

The most important element of entrepreneurial development strategy in the region is the reduction of spatial inequality under the conditions of forming of entrepreneurial environment and socio-economic development asymmetry. Mechanisms of Krai agglomeration processes development and management can be

such an element. Agglomerations formation is an objective and actively developing process in the Russian reality. However, along with the evident positive economic, social, infrastructural and town planning effects, which appear in the process of agglomeration establishment, it is necessary to evaluate possible negative influence of agglomeration processes on entrepreneurial environment development. It is connected with the fact that agglomeration as a compact combination of settlements, mainly urban, been integrated in a complicated, multi-component dynamic system with an intensive production, transport and cultural interconnections, can have a deep internal territorial differentiation. Settlements proximity determines an agglomeration effect as an economic and social benefit due to reduction of expenditures coming from spatial concentration of productions and other economic facilities within agglomeration frames, thus creating prerequisites for further establishment of businesses.

However, the nature of influence of world and Russian urbanization processes on the entrepreneurial environment and economics of the territory could not be described by a definite socio-economic trend as different regions have both various levels of industrial development and differentiated conditions.

Agglomeration processes in Russia are tightly connected with an interaction of two types of territories: urban and rural areas. Herewith, 10 to 80 % of different Federation subject's territory is mainly rural areas. The problem is how to adjust the existing all-Russia strategies for entrepreneur development which are often branch-wise and uniformly applied in the whole country excluding established trajectories for rural and urban areas development.

The Krasnoyarsk Agglomeration with its center in the city of Krasnoyarsk, which potential significantly exceeds municipalities

incorporated in Agglomeration, is considered in the boundaries of the following municipalities: cities- Krasnoyarsk, Sosnovoborsk, Divnogorsk (urban areas); municipalities- Berezovskii, Yemel'ianovskii, Manskii, Sukhobuzimskii (rural areas).

Unlike the most agglomeration of European part of the country, the Krasnoyarsk Agglomeration first of all, has the less population density, and secondly incorporates rural areas (rural area is sizeable and is more than 40 %). Key conditions for entrepreneurial environment development in Krasnoyarsk Agglomeration are accumulated economic and labor potential of the Agglomeration in whole, the depth of asymmetry of socio-economic development of territories incorporated in agglomeration; entrepreneurial activity by types of economic activity in territories; the possibility of large industrial facilities placement on the existing production sites within agglomeration territory; availability of relatively cheap electric energy; transport potential; institutional mechanisms providing coordination of territory cooperation².

Gross value added (GVA), generated within the Krasnoyarsk Agglomeration, exceeds gross regional product (GRP) in number of SFO regions. Along with the fact that the gross value added (GVA) of Krasnoyarsk agglomeration is more than in some Siberian regions, GVA per employed or working in the agglomeration is also higher than the average in SFO regions.

So, in 2010 GVA in current prices per capita in the agglomeration was 1,2 times higher than the average in SFO regions and GVA in current prices per one worker was 1,4 times higher compared to SFO and 1,2 times higher compared to average Russian indicators in RF³.

The level and scale of Krasnoyarsk Agglomeration development is significant for Krai economics by number of all-Krai socio-economic indicators.

The Krasnoyarsk Agglomeration is one of the key sources for generating value added in Krai. However a pattern of the produced value added by the agglomeration territories varies. (See Table 2).

In spite of unfavorable demographic trends, the agglomeration labor potential is much higher than that in Krai due to a high economic activity of population and low unemployment level in the territories incorporated in the Agglomeration

Krasnoyarsk city has a determining impact on the number of economically active population of the Agglomeration. It is a center of attraction of migration flows from Krai cities and territories, including agglomeration municipalities.

Migration processes with the migration inflows prevailing are an important factor of changing the total number of urban population and the number of its economically active share. The urban share in agglomeration workforce number was being increased from 82 % in 1999 to 84 % in 2011. Resultant effect of other agglomeration territories does not exceed 18 %.

The level of economical activity of population was relatively high starting from 2007 by all agglomeration territories, and it slightly varied by territories due to a commuting. The low unemployment rate is also due to a commuting as the share of employed by place of abode in the total number of labor force is increasing.

The number of employed by place of abode in 2010 has exceeded the number of employed by main workplace. The growth rate of employed by place of abode also exceeds the growth rate of employed by main workplace⁵.

The basic trend of changing production pattern in the Krasnoyarsk Agglomeration within the last decade within the framework of three-sector model, is connected with the increase of tertiary economic sector up to the level of secondary sector⁶ (See the Table 3).

Table 2. Gross value added pattern by economic sectors in 2011⁴

| Sectors | Krasnoyarsk Krai, % | Krasnoyarsk Agglomera- tion, % | Added value of the Agglomeration added value in the Krai, % |
|--|------------------------|--------------------------------------|---|
| 1) Agriculture, hunting, forestry and fishing | 3,90 % | 0,94 % | 7,5 % |
| 2) Mining and quarrying, manufacturing, electricity, gas and water supply | 55,83 % | 43,49 % | 24,2 % |
| 3) Construction | 7,30 % | 7,79 % | 33,2 % |
| 4) Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; hotels and restaurants; transport storage and communication | 16,32 % | 30,96 % | 60,0 % |
| 5) Financial intermediation; real estate renting and business activities | 5,95 % | 5,89 % | 30,8 % |
| 6) Public administration and defense, compulsory social security; education; health and social work; other community, social and personal service activities; private households with employed persons | 10,70 % | 10,93 % | 31,8 % |
| Total | 100,00 % | 100,00 % | 31,1 % |

Table 3. GVA pattern by agglomeration economic sectors (million rubles/ %)

| Sector | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------|---------|---------|---------|---------|---------|
| Primary | 0,88 % | 0,88 % | 1,42 % | 3,83 % | 4,16 % |
| Secondary | 36,43 % | 36,43 % | 35,17 % | 42,24 % | 42,49 % |
| Tertiary | 62,69 % | 62,69 % | 63,41 % | 53,93 % | 53,35 % |

Regional production pattern by economic sectors and by activities has one common feature – the dominance of the city of Krasnoyarsk and existing differences by other municipalities.

Economic structure by agglomeration cities and municipalities in the context of sectors in whole and sub sectors differs significantly. The major part of GVA by all sectors is produced in the metropolitan area of the Krasnoyarsk city. In primary economic sector less than 1 % of GVA is produced in three municipalities and only in three territories: Berezovskii (6,4 %), Yemel'yanovskii (4,85 %) and Sukhobuzimskii (1,65 %) GVA volume is 1,65 % to 6,4 % due to the development of agricultural sector. These three

territories are suburban and the development of entrepreneurship in agricultural sector is aimed at supplying the city of Krasnoyarsk with. So, the primary sector – Berezovskii and Yemel'yanovskii territories is focused at the development of agro- industrial complex. Secondary economic sector is concentrated in the city of Divnogorsk (production of electric energy and processing industries) and in Berezovskii territory (timber processing and food industry). Yemel'yanovskii territory, where transport and logistics hub is developing on the basis of existing airport, is the most distinctive territory among the other territories except for Krasnoyarsk in tertiary economic sector (services, including transport).

Differentiation of the examined summarizing indicators can be a measure of asymmetry of socio-economic development of agglomeration territories.

Analysis of indicators distribution by territories shows that agglomeration processes have a positive influence on the position of Krasnoyarsk city and Yemelianovskii territory both in economical- entrepreneurial and social sense, characterized by the level of socio-economic development which is higher than the average of the Krai. Berezovskii territory also favorable preconditions for entrepreneurship development. So far agglomeration processes has negative consequences for the other territories. There are two tendencies. First of all, the ongoing agglomeration process smoothes socio-economic asymmetry as the agglomeration labor market is under the positive pressure of the city of Krasnoyarsk. Against the background of high level of able-bodied population of neighboring territories mobility the entrepreneurial activity, labor productivity, and incomes of the population is growing by agglomeration in whole and by separate territories as well. Secondly, a redistribution of the skilled labor force from municipalities into Krasnoyarsk city takes place followed by reduction of investment attractiveness for entrepreneurs.

Conclusions

Due to that it is necessary to pay attention to additional mechanisms for regulation of agglomeration processes with an accent to a differentiated economical policy of rural and urban areas incorporated in agglomeration. The development of entrepreneurship for urban areas of Krasnoyarsk agglomeration should focus on the growth of secondary and tertiary sectors of economics. Within the last time the world practice creates new approaches in respect of rural areas, aimed at mixed industrial and agrarian development of entrepreneurship in primary and tertiary sectors of economics.

An analysis of asymmetry of socio-economic conditions on the development of entrepreneurial environment development conducted on the example of the Krasnoyarsk agglomeration shows that during the elaboration entrepreneur development strategy in Krasnoyarsk Krai it is necessary to establish a differentiated industrial policy in the context of separate Krai territories for supporting small and middle-scale business. It will allow minimum 1,5 times reduction of inequality level in spatial development of small and middle-scale business between Krasnoyarsk Krai territories.

¹ Calculated on the basis of continuous statistical monitoring of small-scale and medium-scale enterprises activities in 2010- www.gsk.ru

² Investment passport of Krasnoyarsk Krai <http://passport.krskstate.ru/kras-region/territory/transport/>

³ Web site of Federal Statistics Service www.gsk.ru

⁴ Svetlana A. Samusenko, Evgenia B. Bukharova, Vladislav N. Rutskiy and Dmitry A. Maslodudov Trends for the Development of Entrepreneurial and Innovative Activity in Krasnoyarsk Agglomeration// Siberian Federal University journal. Issue 5 (10).2012. p. 1492-1499.

⁵ Irina P. Vorontsova, Alexander N. Pozdeev and Tatiana A. Samylkina Evolution of a Large-Scale Agglomeration Labour Market (Based on the Example of the Krasnoyarsk Agglomeration)// Siberian Federal University journal. Issue 5(10).2012. p. 1465-1474

⁶ Three-sector model of the economy considers economy as the combination of branches (enterprises), conventionally divided into three sectors. Primary sector integrates industries related to raw materials extraction and its processing into semi-products. Secondary sector integrates productions of industries dealing with final products manufacturing. Tertiary sector include services (transport, communications, trade, tourism, healthcare etc.).

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Оценка стратегического влияния асимметрии социально-экономического развития на предпринимательский климат в регионе

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В статье обоснована необходимость учитывать при формировании стратегических направлений развития предпринимательства асимметрию пространственного социально-экономического развития. В первую очередь территориальная асимметрия характерна для двух типов территорий – урбанизированные и неурбанизированные регионы. На примере Красноярского края и создаваемой агломерации проанализирована дифференциация показателей, которые влияют на предпринимательский климат урбанизированных и неурбанизированных территорий и степень территориальной асимметрии. Обозначена гипотеза разнонаправленного влияния агломерационных процессов на условия развития предпринимательства по территориям. С учетом этого обосновывается необходимость отражения в промышленной политике региона механизмов, направленных на сокращение уровня пространственного неравенства-асимметрии, влияющих на условия развития бизнеса и предпринимательский климат.

Ключевые слова: стратегия развития, предпринимательство, агломерационные процессы, многосекторные модели развития территории, экономический потенциал, асимметрия социально-экономического развития, валовая добавленная стоимость, экономически активное население, мобильность трудовых ресурсов.

Работа выполнена в рамках проекта «Разработка методики проведения сравнительных международных исследований по социально-экономическому развитию региона и подготовка научного доклада для организации экономического сотрудничества и развития (ОЭСР) «Территориальный обзор по Красноярской агломерации», поддержанного ККФПН и НТД.
